



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

August 23, 2013

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To: Supervisor Mark Ridley-Thomas, Chairman  
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From: William T Fujioka  
Chief Executive Officer

## **MOTION TO DIRECT THE CHIEF EXECUTIVE OFFICER AND THE SACRAMENTO ADVOCATES TO OPPOSE SB 594 (HILL) (AGENDA ITEM NO. 7, MEETING OF AUGUST 27, 2013)**

Item No. 7 on the August 27, 2013 Agenda is a motion by Supervisor Knabe recommending that the Board of Supervisors instruct the Chief Executive Officer and the Sacramento Advocates to oppose SB 594.

### **Analysis of SB 594 (Hill) - Use of Public Resources**

SB 594, as gutted and amended on August 7, 2013, would limit the ability of specified nonprofit organizations that receive local agency resources, such as the California State Association of Counties, California Sheriffs' Association, California District Attorneys Association and California League of Cities, from participating in campaign activities. This measure previously related to financial assistance for educational agencies.

Existing law prohibits the use of public funds for campaign activities and requires political organizations to report political contributions to the Fair Political Practices Commission.

SB 594 would restrict nonprofit organizations and its officers, employees, or agents from using certain agency resources for campaign activities including advocating for or against ballot measures or candidates for elected office by expanding the definition of agency resources to include interest on investment accounts, conference revenues,

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marketing fees, as well as other revenues collected, which are currently considered non-public resources under existing law. Specifically, this bill would: 1) require that specified nonprofit organizations maintain a separate account for campaign activities and regularly report on its source and use; and 2) provide that a nonprofit organization found to have violated the bill's provisions be subject to financial civil penalties. As amended on August 21, 2013, SB 594 would allow a nonprofit organization to endorse a clearly identified ballot measure or candidate for which it adopts a supporting or opposing resolution. However, such activity is limited to posting the endorsement on the nonprofit organization's website, communicating the endorsement to its members, or issuing a press statement. The recent amendments would also include school entities in its provisions, but would exclude 501(c)(3) nonprofit organizations, which include religious and charitable organizations, among others.

The California State Association of Counties (CSAC) notes that the conduct and reporting of campaign activities are already strictly controlled and regulated under the California Political Reform Act and the Fair Political Practices Commission (FPPC). CSAC's compliance with applicable laws has been validated in recent FPPC audits of the organization. CSAC reports they fully comply with these laws as membership dues paid by its member counties are segregated and not used for campaign activities. However, CSAC indicates that the broad and overreaching language in SB 594 would significantly limit CSAC's and other associations' direct campaign participation, including their ability to advocate on select ballot initiatives to provide and protect critical local agency funding and programs.

The Executive Office of the Board and this office note this measure may significantly diminish the County's efforts, through its associations, to effectively advocate for high priority legislative matters. In its preliminary analysis, County Counsel notes this bill is ambiguous and would be subject to significant interpretation. County Counsel further notes that many 501(c)(3) nonprofit organizations, which SB 594 specifically excludes, receive public funds via local agency contracts to provide public services, and may be involved in campaign activities. Overall, this measure would place unwarranted new restrictions on many nonprofit organizations that receive public funding, such as the California State Association of Counties, California Sheriffs' Association, California District Attorneys Association, and California League of Cities. On behalf of local agencies throughout the State, these associations engage in the elective process on critical policy and fiscal issues affecting cities and counties.

SB 594 is pending hearing in the Assembly Appropriations Committee.

This bill is supported by California Clean Money Campaign, California Common Cause, California Labor Federation, California Professional Firefighters and State Building and Construction Trades Council, AFL-CIO. It is opposed by the Counties of Contra Costa,

Orange Riverside, and Sacramento; the cities of Cypress, La Mirada, Laguna Hills, Newport Beach, Norwalk, among others; and the California Police Chiefs Association, California State Association of Counties, California State Sheriffs' Association, League of California Cities, among other associations.

### **Past Board Actions**

While the County has no legislative policies related to regulating campaign activities on ballot initiatives, on August 10, 2004, the Board voted to support and actively work for passage of Proposition 1A, a November 2004 ballot initiative titled, "Protection of Local Government Revenues. Legislative Constitutional Amendment." As approved overwhelmingly by California voters, Proposition 1A protected local funding for public safety, health, libraries, parks and other locally delivered services; and prohibited the State from reducing local governments' property tax proceeds, among other important protections.

In addition, on January 24, 2012, the Board approved a motion to send a five-signature letter to the California State Association of Counties expressing the Board's support for Governor Brown's November 2012 ballot initiative, Proposition 30, titled, "Temporary Taxes to Fund Education. Guaranteed Local Public Safety Funding. Initiative Constitutional Amendment." As approved by the voters, Proposition 30 constitutionally guarantees revenues to local governments to pay for the 2011 Public Safety Realignment and protect local governments from future increased and unfunded costs associated with administering realigned programs.

### **Conclusion**

There is no existing Board-approved policy related to the campaign activities of nonprofit organizations. Therefore, opposition of SB 594, which would prohibit specified nonprofit organizations from using local agency resources for campaign activities, **is a matter of Board policy determination.**

We will continue to keep you advised.

WTF:RA  
MR:PC:ma

c: Executive Office, Board of Supervisors  
County Counsel